# FOREIGN AGRICULTURE

Loading U.S. grain for export.

## Transportation Crunch Eases Canada's Farm Output and Exports

July 29, 1974

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Ship takes on U.S. export grain at the Port of Stockton in a final phase of the far-reaching task of transporting farm products from field to distant markets. Article begins on this page.

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# Transportation Crunch Lessens But Higher Rates Up Costs

EXPORTS of U.S. farm products should have a smoother trip to market this year than last, as the transportation tangle that began with the Soviet grain purchase finally seems to be clearing up.

At the same time, however, U.S. farm exports will continue to encounter steep shipping costs, as a result of a recent 10 percent hike in rail rates plus still-high ocean freight charges. These costs, of course, ultimately affect delivered prices of farm products and thus their competitive status in the foreign market—outlet for over 20 percent of U.S. farm production and close to 70 percent of certain U.S. grains.

The improved transport availability is revealed in recent surveys by USDA and trade sources, which indicate that most of the difficulties behind the vast transportation tieups of 1973 and early 1974 have been overcome. Carriers cleared out fiscal 1974 shipments of grains and oilseeds—which account for over 70 percent of U.S. agricultural exports—much faster than in the previous year and now are enjoying a breather before the new 1974 crops start moving to market in volume. And this time, they not only face less pressures than in fiscal 1973 and 1974 but also are physically in a better position to move the bumper crops.

**Rails.** USDA surveys of country grain elevators which took place from September 1973 through May 1974, show that by late spring elevators were receiving from 10 to 20 rail cars a week to transport their grain, compared with earlier reports of as few as one car in a 30-day period. This improvement has contributed to a sharp working down of grain waiting to be shipped. In Kansas, for instance, only 17 elevators reported an excess of grain—704,000 bushels—awaiting shipment as of mid-May, compared with 263 elevators in September 1973 reporting an excess of 54 million bushels of grain on hand and 611,000 on the ground.

As 1973-74 supplies were worked down, loadings of grain rail cars fell to a little over 20,000 per week by the end of May 1974 from more than 30,000 per week between September 1973 and mid-February 1974. And even in the last week of June—when new-crop grain had begun moving to market—loadings were some 8 percent lighter than in the earlier year.

Rail car shortages—a key indicator of the car supply situation—were off to 2,400 cars as of the third week of June from nearly 26,000 at the same time in 1973, reported the Interstate Commerce Commission.

According to the Association of American Railroads (AAR), rail car supply is in the best condition since the summer of 1972. Backlog of orders for plain, 40-foot, narrow-door boxcars—the type traditionally used for hauling grain—reportedly fell 94 percent between mid-February and the last of June 1974, while that for covered hoppers was off 81 percent.

The latter group is increasingly being used by the railroads because of the cars' 33 percent greater capacity than regular boxcars and their ability to load three times as fast. In fact, the AAR credits an increase in hopper car numbers—to 211,262 by June 15, 1974, from 181,559 on September 1, 1972—as a prime factor behind the recent smoothing out of rail traffic.

However, railroads still have made little headway in expanding their total capacity during the last decade since more cars are being retired from use than have been added.

REFLECTING the improved situation this year, the AAR reports that as of May 19, 1974, less than 5 million metric tons of the estimated 2.5 million tons of grain scheduled for rail transit in fiscal 1974 remained to be shipped. This compares with 15.3 million as of May 20, 1973, out of that year's total shipment of 81.1 million tons.

But while its shipping problem has eased, the grain trade continues to experience rising freight rates as a result of the railroad's efforts to meet higher operating costs. The latest hike approved by the Interstate Commerce Commission amounts to 10 percent and went into effect on June 20. 1974. This brings to 26 percent the increase in rail costs since the first of the year.

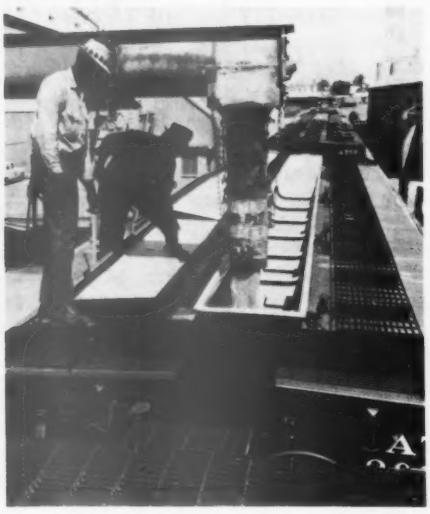
**Barge.** The higher rail rates appear to have caused some diversion of shipments to barges, despite their longer transit time—as much as 2 weeks on the Mississippi, compared with 2-4 days by rail.

BARGE LOADINGS of wheat, corn soybeans, and oats from interior river points are up over the same period last year. Between April 1 and July 12, inspected receipts showed shipments of 38.5 million bushels of wheat, 173.3 million of corn, and 70.6 million of soybeans for gains of 86 percent, 8 percent, and 60 percent, respectively, from shipments in the similar period of 1973; however, the comparison is somewhat distorted since opening of the barge season (generally in mid-March) was delayed up to a month last year by ice jams on the Mississippi. (Rates for barge shipping are negotiated and not subject to regulation by the Interstate Commerce Commission. It is therefore impossible to make direct comparisons with other modes of transportation.)

**Ocean carriers.** Availability of ocean transport for agricultural commodities has improved somewhat over that of a few months ago, when shortages were affecting virtually all products. This is partly because of increases in rates for the individual farm products, which generally have made them more able to compete for cargo space with industrial and processed products. One exception is cotton, for which there is a continuing shortage of general cargo ships, but this too may moderate in the future if there is further improvement in the overall supply situation.

Ocean freight rates as of late June were generally down from their record levels but still high compared with past charges. Rates for grain from the U.S. Gulf to Japan, for instance, had dipped to $37.25 per metric ton by June 24 from the January 21 peak of $40; however, this was still well above the $30 per ton for October 1, 1973. Similarly, those to Rotterdam were off to $16.50, compared with the January peak of $22.25 and $13.75 last October 1.

Despite the continuing strong demand for transport equipment and the high freight costs, the current conditions contrast favorably with those of the recent past. The past problems began with a bulge in traffic starting in December 1972 caused by heavy grain shipments to the USSR after signing of a shipping agreement that had been delayed for



*Above, ship at the Port of Houston rests in front of plant where dry bulk materials are transferred from rail hopper cars into ships for overseas export. Left, gondola rail cars are loaded with grain for transshipment to St. Lawrence Seaway docks. Below left, a "Pelican" is used to sample grain as it is taken from a Chicago elevator during loading of a vessel; below right, loading grain into covered hoppers.*

SELECTED U.S. RAIL RATES: GRAIN FOR EXPORT
[In cents per bushel]

| Item | Sept. 1973 | Feb. 1974 | June 1974[1] |
|---|---|---|---|
| Wheat from Great Falls, Mont., to Portland, Ore. | 44.4 | 51.3 | 57.3 |
| Soybeans from Decatur, Ill., to New Orleans | 29.4 | 34.7 | 38.4 |
| Corn from Des Moines, Ia., to Houston | 27.4 | 32.3 | 35.6 |

[1] Effective rate after June 20 increase.

over 4 months. Just about that time, a surge began in shipments of other raw materials, only to be followed in the fall of 1973 by the Arab oil embargo. The latter forced carriers to take fuel conservation measures, including some traffic slowdown, at a time of burgeoning demand for transportation.

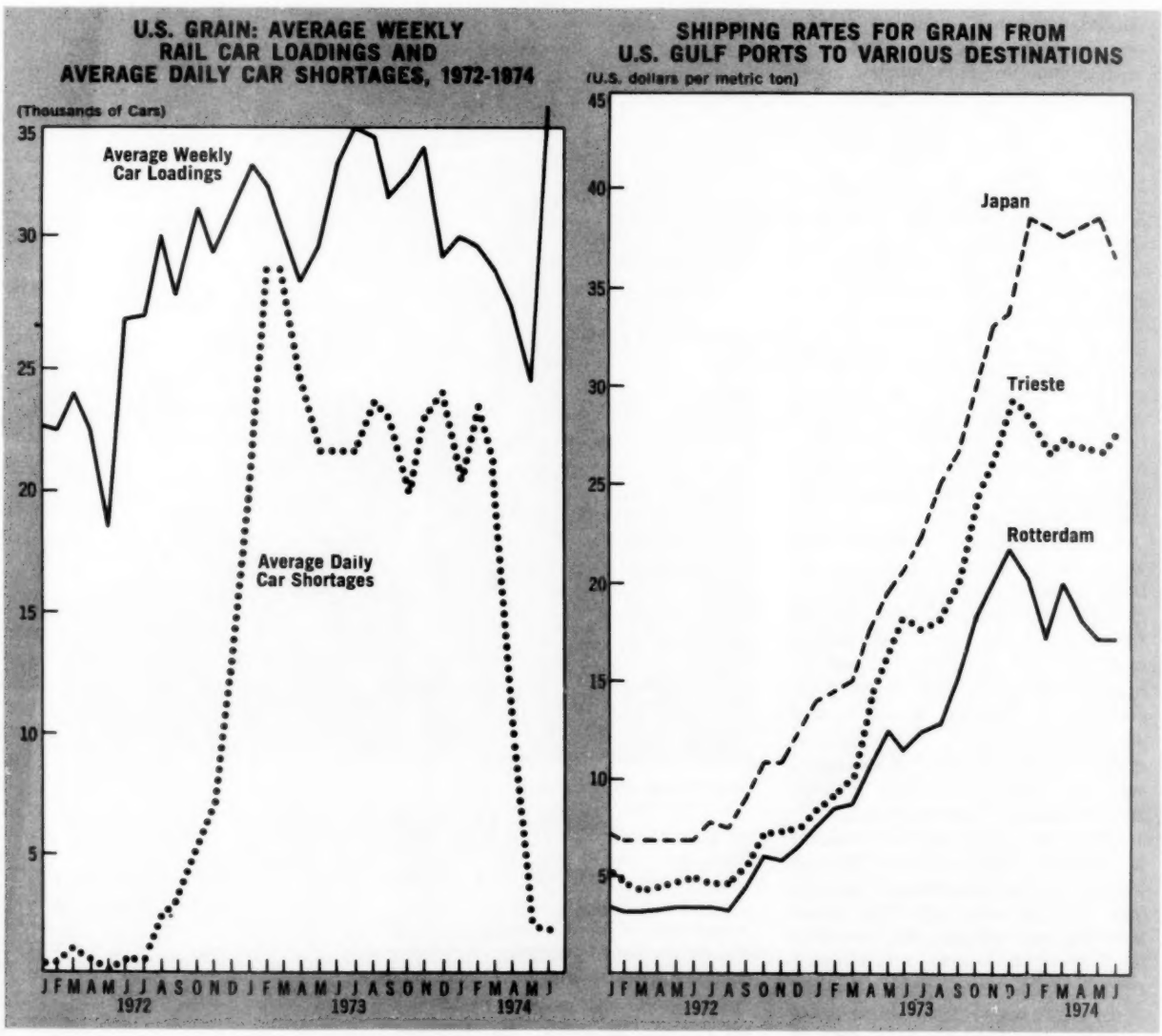
The combination of these circumstances led to vast transport tieups in 1973 and early 1974, which saw thousands of rail cars backed up at the ports while virtually none were reaching country elevators to move their overflowing stores of grains and oilseeds. In addition to this bottleneck, the heavy demand for ocean transport and wide variations in rates had contributed to a

*Continued on page 20*

AGGREGATE CAPACITY OF BOX-GENERAL SERVICE AND COVERED HOPPERS
1963-1973
[In thousands of metric tons]

| Year | Boxcar, general service | Covered hoppers | Total |
|---|---|---|---|
| 1962 | 28,854 | 4,901 | 33,755 |
| 1963 | 27,257 | 5,278 | 32,535 |
| 1964 | 26,012 | 6,017 | 32,029 |
| 1965 | 24,309 | 6,869 | 31,178 |
| 1966 | 23,554 | 8,405 | 31,959 |
| 1967 | 22,489 | 9,987 | 32,476 |
| 1968 | 21,641 | 10,256 | 31,987 |
| 1969 | 20,599 | 10,723 | 31,322 |
| 1970 | 20,314 | 11,341 | 31,655 |
| 1971 | 19,481 | 12,169 | 31,650 |
| 1972 | 19,039 | 12,596 | 31,635 |
| 1973 | 18,661 | 13,378 | [1] 32,039 |

[1] Preliminary.
Economics and Finance Department, AAR.



***U.S. trade team reports***

# Outlook Uncertain for U.S. Cotton In Three European Markets

By H. REITER WEBB
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AMERICAN cotton continues in a strong competitive position in West Germany, the United Kingdom, and the Netherlands, but future prospects are clouded by the general economic uncertainty overhanging these nations. Large stocks, slowing sales, and a wait-and-see attitude regarding 1974 cotton crops and prices generally characterize this situation, which already has seen U.S. cotton exports to these nations slow markedly in 1973-74 (August-July) from the unusually high levels of 1972-73.

Out of the 18 leading European markets for U.S. cotton, West Germany so far this season ranks second after Italy; the United Kingdom ranks sixth; and the Netherlands is 11th. Together, the three countries have accounted for about 24 percent of U.S. cotton shipped to Europe in the first 10 months of 1973-74. Through May of the current season, U.S. exports to these destinations were off some 41 percent from the year earlier, compared to 35 percent for sales to Europe as a whole.

Transportation difficulties—centering around a shortage of general cargo ships used to move cotton overseas—have accounted in part for the lower exports, as has the general sluggishness in demand. However, this season also follows the exceptionally good 1972-73 showing of U.S. cotton in Europe, which saw the United States expand sales to all but one of the European outlets and better its market share by 50 percent in the three countries combined. Its share of the U.K. market during 1972-73 remained about unchanged, while in West Germany and the Netherlands, respective improvements of nearly 90 percent and 44 percent occurred.

Unlike the big Asian outlets, where U.S. cotton accounts for up to 95 percent of total cotton imports, these and other European markets are marked by intense competition and resistance to domination by any one supplier. Among the leading U.S. competitors here are Turkey, Brazil, Colombia, and the USSR, which, along with the many other suppliers, help meet the diverse requirements of the more-sophisticated European textile industries.

ALTHOUGH TEXTILE MARKETS in the three countries have been strong so far this year, concern has been expressed about the future. Yarn spinners, producing at or near capacity, as of May, had sold yarn and brought cotton in a balanced position for the next 4-6 months but reported that no new sales were being made.

Reasons given for the uncertainty were mixed. Contacts in West Germany and the Netherlands stated that yarn buyers were waiting for the current downward drift in international cotton prices to turn around before coming back into the market. On the other hand, representatives of English mills said they could sell additional quantities of yarn but were afraid to do so because of the high rate of inflation and its possible negative impact on costs later in the year.

Textile companies in the three countries reported fairly strong retail sales, with the exception of knitted acrylic outerwear in the Netherlands, but a general concern about lower retail demand later this year once the recent high raw-material costs are reflected at retail counters.

The countries' spinning mills continue to shift into fine counts and blends and are examining the possibilities of open-end spinning, particularly in the Netherlands. At the same time they are moving out of ring-spinning production of coarse count yarns, owing to their inability to compete with low-wage countries—competition which has forced a long-term decline in European textile production. However, this declining trend may have been stifled some by the current high fiber costs, which improve the competitive position of European spinners by making labor a smaller share of total production costs.

In fact, widely fluctuating prices have been more of a bane to the countries' cotton interests than high prices, and there is a general preference for high prices over sharply varying ones. A level around 60-65 U.S. cents per pound, c.i.f. Europe, for the quality of cotton desired by European mills has been frequently quoted as being fair both to producers and consumers.

Despite the current uncertainty, U.S. cotton is enjoying a reputation in the markets as a quality fiber shipped by the world's most reliable exporter. Relatively minor problems with shipping delays, poor bale packaging, and excess sampling variations have been far overshadowed by the fact that U.S. cotton exporters honored contracts during the 1972-73 season, when a sharp increase in world price caused some other exporters to default on shipments. Together with some problems concerning quality of certain competitive growths, this reliability has resulted in a marketing situation where mills generally prefer to buy U.S. cotton when the grades and staple lengths needed are available at competitive prices.

ALSO, IN CONTRAST to past situations, cotton today is price competitive with most manmade fibers, which have recently been in even shorter supply than cotton. In the three markets, supplies of polyester are said to still be short, although excess supplies have been reported for acrylics.

Concerning U.S. cotton in particular, the countries' trade expressed interest in obtaining the cotton packaged in universal density bales and shipped in containers. They believe this would provide bales more uniform in size, which would also assist in storage and help alleviate packaging and sampling problems. Also discussed was the need for greater uniformity in shipments of

***The article is based on findings of a trade team visit to the three countries in the latter half of May. Mr. Webb, formerly Director of FAS Cotton Division, was the team's Government representative. Other members were: Harry S. Bell, producer representative; John T. Baldwin, American Cotton Shippers Association; Albert S. Kyle, III, AMCOT; and R. Gordon Preuit, American Cotton Ginners Association.***

American cotton, particularly with respect to micronaire, and the possibility of bagging cotton in either knitted polypropelene or polyethylene shrink-pack bagging rather than jute, the fibers of which can cause problems in open-end spinning.

In addition to these general conditions, U.S. cotton exports to the three countries in the near future will be influenced by the special situations in the individual countries.

**West Germany.** A cyclical slowdown in textile production, which began in the summer of 1973, is beginning to affect cotton consumption and imports by this important U.S. cotton market. For the 1973-74 season, consumption is estimated at 1,025,000 bales, or marginally below levels of the past two seasons.

THROUGH December of the current year, consumption had held at about the year earlier level, but if the textile slowdown should turn recessionary, consumption could begin to lag—especially since this industry is one of the first to feel the effects of an economic slowdown.

As a result of the slackening textile activity—as well as heavy buying in late 1972-73—German raw cotton imports in 1973-74 are seen declining about 16 percent to a million bales.

In the first half of 1973-74, the United States saw its share of the market drop to 12 percent from 15 percent in the same period the year before. This decline came despite earlier predictions that the United States might hold 20 percent of the market in 1973-74 and largely reflected the transportation difficulties that have hindered U.S. cotton exports this year. Last season, by contrast, German trade statistics show that U.S. exports of 185,000 bales to West Germany pushed this country's share of the cotton market to 15.5 percent from 8.3 percent in 1971-72.

**United Kingdom.** Depressed by aftershocks from the international oil crisis and internal economic woes, cotton consumption in the United Kingdom looks as if it may hit a new postwar low of 600,000 bales this season. Earlier there had been hopes that the slight gain in 1972-73 consumption—to 643,000 bales from 635,000 the year before—might be signaling a leveling off in the long-standing decline in the country's cotton use.

This decline has been aggravated by a steadily contracting textile industry plus further market inroads by manmade fibers, which dropped British production of cotton cloth last year below that of mixed fiber cloth for the first time in history—to 48 percent of total output from 52 percent in 1972 and 67 percent in 1961.

Still, some relief has come to cotton from the tight supply situation now in evidence for manmade fibers. This, plus consumer interest in "natural fibers" may make it a little easier for cotton to compete in the near term.

To survive in the face of the contracting textile industry—whose number of spindles had dropped under 3 million by 1972 from over 25 million in 1955—U.K. production of both cotton and synthetic textiles has increasingly been concentrated in giant firms able to compete in the enlarged European Community market. The few small firms still in business have concentrated on specialty items.

Reflecting efforts to boost stocks in the face of rising prices and tight supplies, the United Kingdom's imports of cotton in the first 5 months of 1973-74 were running 24,000 bales above those of the previous year. A month later, cumulative imports were nearly 38,000 bales behind those of the 1972-73 period. For the full year, imports are seen falling well below earlier expectations of about 700,000 bales compared with 764,000 the year before. And some 25,000 bales of this is likely to be reexported.

Accounting for much of the early trade surge was the United States, whose exports to the United Kingdom in the first 5 months were almost 65 percent ahead of those of the same period in 1972-73. By May, however, U.S. shipments had dropped behind the previous year's pace, totaling 56,500 bales, compared with 85,100 in August May 1972-73. With about 10 percent of the market through January, the United States is generally the United Kingdom's third largest cotton supplier behind the USSR and Turkey.

**The Netherlands.** Earlier, textile production here had been expected to level off in 1974 from its long-term decline. However, growing economic uncertainties have diminished prospects, especially in view of sluggish textile exports as a result of increases in value of the guilder plus Italy's recent adoption of an import deposit scheme. Dutch spinners as of May had generally sold yarn

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# Germany Sets Soybean Import Record; Meal Purchases Drop

By TURNER L. OYLOE
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*Bonn*

WEST GERMANY'S domestic oilseed processing industry has grown in the past several years as more crushing plants have gone into operation. The resulting demand for soybeans has caused a general uptrend in imports and during the first 5 months of the current marketing year (October 1973-February 1974) soybean imports for the period rose to an alltime high.

Soybean meal imports have also risen but this year may see a reversal as these imports during the 5-month period hit their lowest level since 1968, influenced by a 15 percent drop in consumption.

Soybean and soybean meal imports are expected to follow the same pattern for the rest of the marketing year. Total soybean imports in 1973-74 are expected to top last year's total, while soybean meal imports are expected to be down.

The United States is traditionally West Germany's major supplier of soybeans and soybean meal, although Brazil has provided a small part of West German takings.

In the October 1973-February 1974 period, West Germany imported more than 1 million metric tons of U.S. soybeans. Total soybean takings during those months were 1.4 million tons. Of the 350,000 tons of soybean meal imported during that period, 212,000 tons came from the United States.

West Germany's soybean imports from the United States in recent years have ranged from 2.1 million metric tons in 1970-71, when they constituted 96 percent of Germany's soybean takings, to 2.3 million tons in 1972-73, 84 percent of total imports. Imports of U.S. soybean meal have fluctuated recently between 840,300 metric tons in 1970-71 (72 percent of the total) to

*Above, a new West German soybean crushing plant that started operations in June 1973. Right, U.S. soybeans being loaded from ocean vessel to barges at Hamburg.*

829,900 tons in 1972-73, 58 percent of total soybean meal imports.

Changes in West Germany's animal population probably are being reflected in the current drop in oilseed meal consumption. Although there are no statistics available on distribution of protein meal by livestock and poultry categories, changes in recent months in the mixed feed industry have been adversely affecting soybean meal consumption.

Production of cattle feed, consisting in part of soybean meal, was down 8.9 percent during the October 1973-February 1974 period, largely because of feed price rises in recent months. In 1972-73, consumption in this sector had been artificially stimulated by the unusually low prices of the previous year. Influenced by these levels—the lowest in 10 years—feed compounders contracted to market their 1972-73 output at a selling price based on those of the previous year. Consumers booked large forward contracts and were temporarily sheltered from rising prices.

Now, however, cattle producers are faced with higher feed prices and some are culling their herds. Use of poultry feed has also dropped by 1.1 percent, despite a slightly higher feeding rate.

Hog numbers are up, however, and the feeding rate has surged because of a favorable hog-feed price ratio. Thus, the loss in cattle and poultry feed production was more than offset by the 14.2 percent increase in the manufacture of swine feed.

Total mixed feed production rose by 1.4 percent during the October 1973-February 1974 period from 4,802,000 metric tons to 4,868,000 metric tons. However, the industry is reducing the amount of protein used in mixed feed, so the upswing in total feed output did not cause an accompanying rise in soybean meal usage.

Another factor indicating a drop in soybean meal use in mixed feeds is the rise in grain as an ingredient. Grain made up 38.9 percent of mxed feed in 1973-74, an increase of 3.7 percent from the previous year's level, and a 5 percent boost from that of 1971-72. Use of other ingredients, such as corn gluten feed, and dehydrated alfalfa has also been increasing.

In calendar 1973, protein supplies from oilseed meals and fishmeal were about 220,000 tons lower than in 1972, according to the Hamburg Feed Industry Association. A spokesman for the organization said that the reduction could be balanced almost entirely by other feeds, although at higher cost. He estimated that an additional 1 million tons of grain, plus 58,000 tons of corn gluten feed, 60,000 tons of dehydrated alfalfa, large amounts of amino acids, and about 9,000 tons of urea—with a combined content of about 150,000 tons of protein—were used in the place of the oilseed and fishmeal protein.

However, soybean meal is expected to be competitive with most other protein feeds during the rest of the 1973-74 marketing year. Furthermore, the soybean meal-grain price ratio is now very low, compared with that of protein meals. In May 1974, the soybean meal-corn price ratio was 1.1:1, compared

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WEST GERMANY: SOYBEAN AND SOYBEAN MEAL IMPORTS

| Commodity and year[1] | From U.S. | From Brazil | Total | U.S. share of total |
|---|---|---|---|---|
| | *1,000 metric tons* | *1,000 metric tons* | *1,000 metric tons* | *Percent* |
| Soybeans: | | | | |
| 1970 | 2,089.9 | -- | 2,160.9 | 96 |
| 1971 | 1,836.1 | 188.4 | 2,049.1 | 89 |
| 1972 | 2,305.3 | 364.4 | 2,712.5 | 84 |
| 1973[2] | 1,017.8 | 93.9 | 1,379.5 | 73 |
| Soybean meal: | | | | |
| 1970 | 840.3 | -- | 1,163.6 | 72 |
| 1971 | 748.8 | 277.0 | 1,304.7 | 57 |
| 1972 | 829.9 | 259.9 | 1,424.0 | 58 |
| 1973[2] | 212.0 | 75.0 | 350.0 | 60 |

[1] Beginning Oct. 1. [2] Five-month period ending Feb. 28.

# France's Beef Output Continues To Climb; Large Surplus Looms

By LAURENT HEDDE
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*Paris*

REFLECTING A TREND developing throughout the European Community (EC), France—the EC's largest producer of beef and veal—faces a serious surplus of beef this year, which is overloading internal markets and making export market for such large quantities difficult to find.

The surplus is a result of a sharp increase in slaughter rates that developed late last year. If slaughter rates continue to be high for the remainder of 1974, as is expected, surplus beef production could reach a maximum of about 210,000 tons. The French intervention agency, SIBEV, is currently purchasing 3,000-4,000 tons of meat weekly. Stocks, which were about 38,000 tons in mid-May, totaled 54,000 tons by mid-June.

France's beef production in 1974 could rise 15 to 20 percent above last year's output, as indicated by trends set in 1973 and early 1974. For the last 3 months of 1973, production was 10 percent over those months the previous year. By December, output had gained 16 percent over that month in 1972. Early-1974 production continued to climb—registering a 24 percent gain in the first quarter.

French cattle numbers are expected to swell by 2 percent during 1974, compared with an increase of 4 percent last year. Of particular importance in 1972 was a large increase in breeding stock, which advanced by some 475,000 head, signaling an upward trend for both beef and dairy production.

Early estimates of changes in France's cattle numbers during 1973 point to a continuation of these trends. Breeding animals rose by some 480,000 head in 1973. The projected increase of 8-10 percent in beef cows in 1974 is rather unusual for France, since culled cows represent the biggest part of French beef production.

Prices were a major concern for livestock raisers in France during 1973, especially beef producers, and led to demonstrations by farmers to obtain Government assistance. The drop in producers' prices was especially acute during the summer of 1973, and prices dipped 15 percent below levels at the beginning of the year.

By May 1974, however, steer prices had recovered to surpass year-ago levels, but cow prices were 7 to 10 percent lower. By June, prices for the most common types of meat, including that of culled cows, were again trending down—2 to 3 percent below the previous month. Thus, while French beef production in first-half 1974 was 25 percent higher than first-half 1973, cattle prices during the period were off 9 percent.

A SLOWDOWN in consumer buying is considered to have affected producer prices the most. Consumption of beef, which advanced 2 percent in 1973, is expected to rise by only 1 percent in 1974. France's value-added tax on retail beef sales was reintroduced on January 1, 1974, and the resulting boost in retail prices tended to discourage buying even further.

If retail beef prices remain high, French consumption will remain low despite higher supply levels. EC orientation prices were fixed at high levels in April. The high orientation price puts the intervention price for this year about 5 percent below the current average live cattle market price. As French cattle prices declined to this level, consumption did not recover and there is surplus or stocks for export.

Also underlying the falloff in producer prices that occurred during May and June 1973 were EC "scarcity regulations" in effect since the fall of 1972, which cut beef tariffs by half. Also, although EC intervention regulations were adopted in December 1972, France was not authorized to use market intervention until August 1973 due to the time required to adapt the regulation to individual countries. Throughout 1973, intervention triggering conditions were reached in only a very few cases in France.

Purchases by the intervention agency totaled only 513 tons between July 30 and December 31, 1973. Stocks began to rise in January 1974, however, following EC Council actions that changed the coefficient used to determine intervention prices from orientation prices, and extended intervention to average-grade meat, especially young bulls.

As a result of the high stock levels, France is running short of cold storage facilities and is even making use of refrigerated ships.

To counteract these mounting problems, France and other EC countries have taken increasingly restrictive measures against imports of beef and veal, which in mid-July culminated in an EC-wide ban on beef imports to extend through October. Earlier measures included:

- An increase in EC import levies during the first half of 1974 from 1 to 26 cents per pound;
- The requirement that importers, in order to obtain licenses, match beef imports with purchases of beef from intervention stocks, now above 120,000 tons for all of the EC;
- A 37 percent increase in export subsidies on carcass beef;
- Suspension of the granting of import certificates for fresh or chilled meat and live animals between June 27 and July 12.

In an effort to bolster sagging prices, both France and Italy were authorized to ban imports of beef from third countries during March 1974. This had little effect on U.S. trade with these countries, however, since U.S. exports of beef to France totaled only 150 metric tons during 1973. Variety meats, the more important component of the trade, were not included in the prohibition.

On May 7, 1974, Italy required that importers of beef and live cattle deposit 50 percent of the value of imports in the Bank of Italy for 6 months at no interest. Italy has recently agreed to reduce the import deposit requirement for beef to 25 percent, however, and eliminated it for young animals. Although feeder calves are an important component of French trade with Italy, exporters are still expected to receive Government assistance on exports of meat and fed animals.

*Charolais cattle, below, are contributing to France's beef surplus, which could reach 210,000 tons this year. French butchers, bottom, prepare meat for retail sale. If retail beef prices remain high, French consumption will remain low in spite of higher supplies.*

France's trade in beef and live animals, which is largely with other EC countries, was off somewhat in 1973, as beef production climbed in other EC-member countries. France's trade balance for beef fell to 36,800 metric tons in 1973, compared with a balance of 64,000 in 1972 and 164,000 in 1971. The first 4 months of 1974 showed a reversed trend, with exports exceeding imports by 54,813 tons for a value of roughly US$93 million.

The year 1974 began with general dissatisfaction among French beef producers, in spite of the fact that French beef prices were stronger than in most other EC countries. French farmers organized many demonstrations following the EC Commission's proposal that beef prices be increased by only 10 percent. The final rise in orientation prices approved by the EC Council on March 22-23 was 12 percent, except for the United Kingdom.

France's Government has moved to assist cattle and meat production and marketing by creating a new Meat Board, functioning since early February 1974. Its main goals include standardizing grading and weighing systems; disseminating market news; establishing French intervention prices based on EC orientation prices; market intervention; and management of security stocks, export restitutions, and compensation.

The Board's budget for 1974 includes $28 million in orientation funds for cattle and sheep and $40 million in permanent intervention funds. When the budget for 1974 was established, a fund of $240 million was created for loans at a 4.5-percent interest rate to construct livestock facilities on farms.

France's beef industry met with other setbacks last year. In late 1973, the Government announced its decision to close the main slaughterhouse in Paris, "La Vilette." Since construction of the slaughterhouse began in 1962, costs had increased yearly to some $180 million.

The official closing date was March 15, 1974, but pressures were strong from farm organizations, brokers, and others to delay the final closing. The delay was intended to allow time to plan a new livestock market and slaughterhouse, possibly in Pontoise, north of Paris, or in Rungis, the wholesale food market area south of Paris.

# Korea's Daehan Feedlot Markets Finished Cattle Successfully

By GEORGE WOOD
*U.S. Feed Grains Council*
and C. V. JEAN
*U.S. Agricultural Attaché, Seoul*

FINISHED cattle from Daehan feedlot are moving to market in Korea now —the first of 400 head placed on feed last year as a result of a pilot project completed in 1972. At 14 months old and averaging 1,200 pounds, these home-grown Holstein steers are bringing about 68 cents a pound, excluding feedlot expenses.

The pilot project, sponsored by the U.S. Feed Grains Council (USFGC) and the Daehan Feed and Livestock Company of Seoul, utilized 264 U.S. feeder calves imported from the United States by air in 1971. Once the year-long project was completed successfully, the Koreans undertook to develop their own sources of feeder cattle.

At the end of the pilot phase, the project certainly could be judged successful—in fact performance and gains of the steers equaled, or exceeded, that of U.S. feedlots, and the project had produced a modern facility with a trained and experienced staff.

The major problem when the pilot project ended in the fall of 1972 was that there was no readily available source of feeder calves. The Korean Government would not approve use of foreign exchange for further imports of feeder calves. Daehan's staff turned to bull calves from bred-Holstein heifers that had been imported for Korea's expanding dairy industry and to upgrade existing herds.

Plans for a calf-raising program had been developed by Daehan's technicians in cooperation with USFGC's technician. Several months before the pilot project ended a calf barn already had be constructed.

To implement the calf-raising program in mid-1972, Daehan's feedlot manager and his staff began buying 1-week old Holstein bull calves for $125 per head. Gradually, available calf numbers increased—as did the price—to $175 per head. Many others had begun raising calves for beef, also.

Daehan's purchasing procedures are the result of systematic team work by the feedlot manager, veterinarian, two attendants, and a representative of Daehan's main office. If the quality of a calf is in question, the two attendants who will be responsible for its performance may veto the purchase.

Even with a trained staff and a well designed calf barn, calf mortality rates have been a problem at Daehan. Of 455 calves purchased by November 1, 1973, some 59, or 13 percent, died within 3 months and 70 percent of these deaths occurred within the first month. As a result, Daehan is placing more stress on the condition of calves at the time of procurement.

Once the carefully selected calves arrive at Daehan's, they are fed milk replacer, a special starter ration, and free choice roughage. At 3 months, calves are moved to the feedlot where they are placed on a starter ration followed by a high energy ration. With this program, performance has been encouraging with an average daily gain of 2.64 pounds with a 7:1 feed ratio.

Calves acquired in mid-1972 began to move to market this past fall. One steer was sold to a large Western-type hotel and 12 have been purchased by a local slaughterhouse which reports a ready market for the beef and stands ready to purchase additional steers as they reach market weight.

A prominent Seoul department store sells Daehan beef—when available—in the supermarket meat section for $1.90-$2.85 per pound, compared with $1.51 per pound for Korean beef, and reportedly plans to purchase 20 carcasses per month from Daehan.

Daehan is increasing calf purchases in order to have 500 head on feed later this year, increasing to 800 head, or full capacity, in 1975. Ultimately, Daehan's plans call for expansion to 3,000 head of cattle per year.

Noticeable changes are occurring throughout Korea's cattle industry. Drylot cattle feeding, a practice unheard of 2 years ago, is increasingly evident. Many consist simply of a dozen or so head of young animals penned in a grove of trees at the edge of a village. But whatever the form, more calves (native, dairy, and cross-breds) are being fed for market.

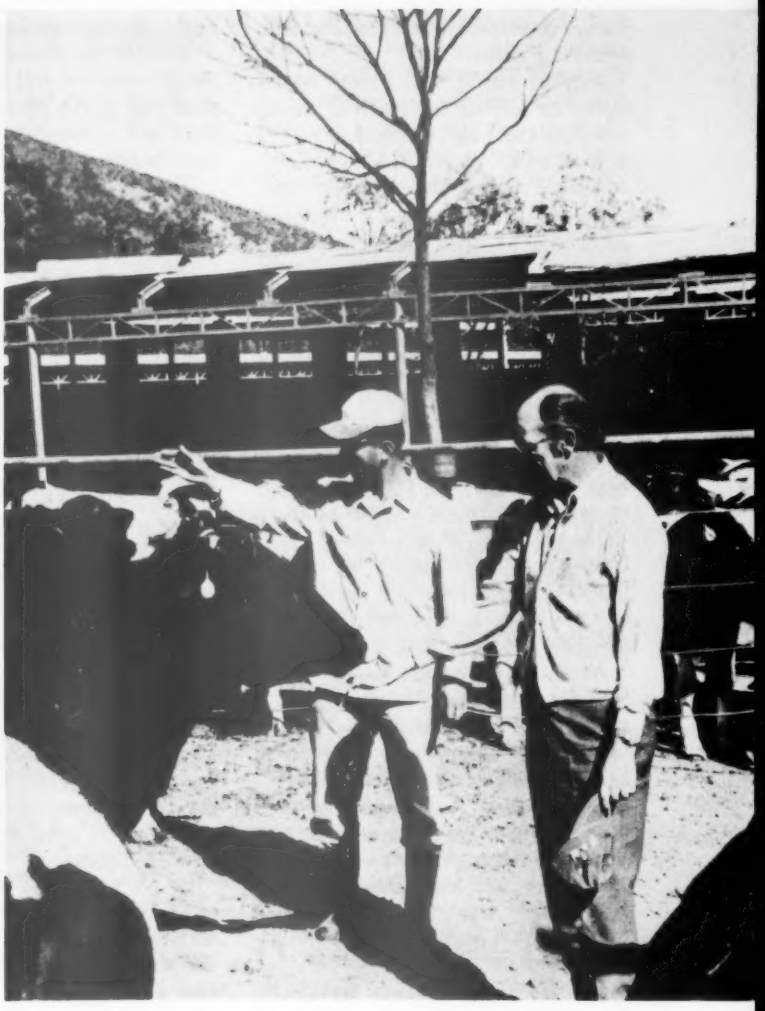
Rural Korean cattle sales yards also are visibly different. Scales are being installed and cattle are grouped according to weight. Trade in calves 3-4 months old is brisk, and farmers frequently purchase six to eight calves to feed out for market.

# Korean Imports Of U.S. Dairy Cattle Set Record in 1973

By C. V. JEAN
*U.S. Agricultural Attaché*
*Seoul*

THE REPUBLIC OF KOREA is making notable progress upgrading its dairy industry and seems to place as much emphasis on buildup of its cattle population as it does on construction of highways. Or so it seems, judging from a colorful stamp recently issued by the Korean Government depicting in close proximity a superhighway cloverleaf and a Holstein cow.

Although most of Korea's roads were constructed from its own resources, its dairy herds have, in recent years, been built around foreign cattle imports, many from the United States. In 1973, the number of U.S. dairy cattle imported by Korea reached a record 2,919 head. There are indications that Korea will import about 7,000 head of dairy cattle in 1974 as the Korean industry continues to strengthen the country's herds with foreign stock.



*Meat counter, top, of Shinsegye Department Store Supermarket, Seoul, Korea. This prominent store sells Daehan beef, as shown in tray above, when available. (l-r) Daehan Feedlot Manager Lee, Myung Boum and U.S. Agricultural Attaché Clancy Jean inspect Holstein steers.*

As of mid-May 1974, Korea finalized purchase of about 3,200 head of U.S. Holsteins, with another sale of 1,000 head of U.S. dairy cattle in the offing. If all of these are delivered by U.S. breeders, the United States will have captured 60 percent of Korea's 1974 dairy cattle imports. As of May, 398 U.S. dairy cattle had been exported to Korea this year.

Korea's dairy cattle population numbered only about 2,000 head in 1965. In the years immediately following, the country began to import dairy cattle from Canada, Japan, Australia, New Zealand, and the United States, and the total grew. By 1970, the dairy cattle population reached 13,000 head, rising steadily to 17,000 in 1972. The growth in milk production kept pace with the increase in cattle numbers—rising from 6,000 metric tons in 1965 to approximately 70,000 tons in 1972.

Korea's imports of Holstein cattle from all sources reached 4,555 head in calendar 1973—the highest level since at least 1968—up about 69 percent from the 2,699 head in 1972. The United States, Canada, and Australia provided the 1973 imports which were about two and one-half times the 1971 level of 1,753 head.

In 1973, for the second year in a row, U.S. Holsteins were in the lead, capturing 64 percent of the market. The previous year's import level from the United States was lower but the percentage of the total higher—1,961 head and 73 percent, respectively. This contrasted with 1971 imports from the United States of 289 head and 16.5 percent.

Of the 4,555 head imported by Korea in 1973, the private sector bought 2,791 head. The United States supplied 1,905 head (68.3 percent) of these. Some 700 head were financed through the Export-Import Bank (Ex-Im) of Washington.

In addition, 1,764 head were imported by a quasi-Governmental agency with funds provided by the International Bank for Reconstruction and Development (IBRD).

Korean Dairy Beef Co. (KDBC) was designated by the Government to utilize its IBRD line of credit in the development of the country's dairy industry. Seven hundred and fifty of its 1,764-head purchase came from Australia and 1,014 came from a U.S. Holstein ranch in Idaho.

KDBC has two milk processing plants and markets fresh milk. If a pending $20-million IBRD loan is approved, KDBC may buy additional dairy cattle, import beef breeding stock, engage in

pasture development, and construct new processing plants.

Songchu Farms, a privately owned enterprise located northeast of Seoul, imported 536 head of Canadian heifers in 1973. Its first shipment was destroyed in a plane crash in Canada 2 years ago.

An additional 500 head of U.S. Holsteins were imported for distribution to Korean farmers by the Nan Yank Milk Co. Having begun to process powdered milk in 1964, it currently produces 60 percent of Korea's condensed milk. It buys its raw unprocessed milk from dairy farmers in the central region of Korea.

Tong Yong Express Co., a prominent Korean highway bus firm, established an agriculture-livestock development in 1973, and imported 416 head of U.S. Holsteins for distribution to Korean farmers. Tong Yong plans to establish its own farm in 1974 and import an additional 700-800 head of Holsteins.

Another importer was Meadow Gold Milk Co. Originally a U.S.-Korean milk processing and marketing firm, Meadow Gold handled imports of 415 head in 1973 through its parent firm in California.

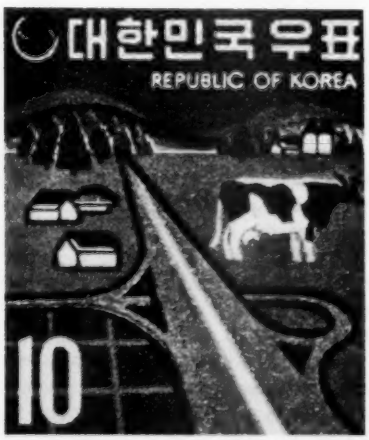
Other major importers and the size of their purchases follow: Kyung Nam Milk Co-op, 255 head; Haichon Farm, 200; Seventh Day Adventists, 76; and Church World Service, 43 head. Other smaller importers bought 350 head.

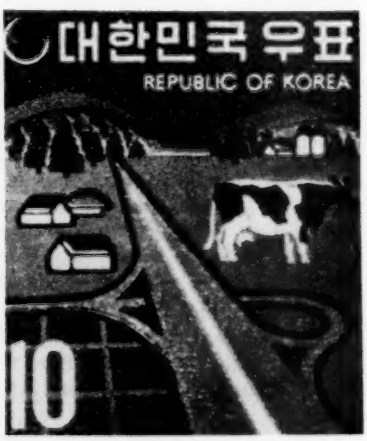
Korea began to seriously develop its dairy industry in 1972 when it received an IBRD loan of $7 million. Late in the year, a milk shortage developed and cooperative and individually owned dairies were unable to obtain enough fresh milk to meet consumer demand. As a result, the Ministry of Agriculture and Fisheries (MAF) revised its import plans and began to encourage private firms and cooperatives to import more bred heifers.

The first shipment financed from the IBRD loan arrived in Korea in 1972—1,588 head, of which 850 were of U.S. origin and 738 from Australia. Other shipments during the year, mostly by private groups, consisted of an additional 1,111 head, 1,000 of which were bought with funds provided by the Ex-Im Bank. This brought the year's total to 2,699 head, with the United States providing 1,961 head, 72.7 percent of the total.

First used in October 1971 to transport a shipment of 264 head of feeder cattle for the U.S. Feed Grains Council-Daehan Feed and Livestock Company pilot feedlot project, air transport of cattle imports has now surpassed surface shipments. Prior to 1972, no dairy cattle shipments had arrived by air. In 1972, 1,071 head of dairy cattle—40 percent of total cattle shipments—arrived by plane; in 1973, air shipments comprised 3,455 head, making 75.5 percent of the year's total. No problems have been reported for airshipped cattle.

Of the 7,000 head of dairy cattle to be imported in 1974 under MAF herd buildup plans, 1,700 will be bought by the Korea Dairy Beef Co. with funds loaned by IBRD and 5,300 head by non-Governmental firms. Cost and availability of surface and air transportation at the time of shipment could cause MAF to alter its purchasing plans, however.




*The Holstein and cloverleaf featured on this recent Korean stamp testify to the importance attached to upgrading Korean dairy herds and modern highways.*

## South Africa's Citrus Production Outpaces Exports

Citrus production in the Republic of South Africa could decline again in 1974, as it did in 1973, compared with the alltime record 1972 crop. Long-term, however, South Africa's production is showing steady growth—outpacing the growth of export opportunities. Therefore, development of the domestic market will be highly important.

A general drought during the 1973 growing season caused fruit to be smaller than usual and caused the crop to decline. The 1974 estimate indicates a still smaller crop, but farmers may be underestimating the crop after 1973's setback. Also, both crops will be much larger than those of the late 1960's and small only in relation to 1972's bumper harvest.

South African oranges, grapefruit, and lemons, as well as processed citrus products, move primarily to the United Kingdom, West Germany, France, the Netherlands, and Belgium. Exports started to slide in 1972, when a record South African crop coincided with a British dock strike.

Shipping costs have increased dramatically during the past year and the British pound has been slipping in value against the rand, making exports to Britain less lucrative. As a result, the country's domestic market will have to be developed into a profitable outlet for the increased production.

Domestic sales controlled by the Citrus Board showed exciting growth between 1971 and 1972. Good-quality fruit was heavily promoted on the local market to dispose of the export surplus. During the 1973 season, more than 140,000 tons of citrus were sold on the local market, compared with 108,000 tons during the 1971 season. The local market is expected to increase consumption again this year.

A record 238,362 tons of fruit were earmarked for the processing factories during the 1972 season. This was made possible by extending the factories' working season and asking farmers to keep the fruit on the trees until the processors could take it.

—Based on a dispatch from
*Office of U.S. Agricultural Attaché*
*Pretoria*

# Canada's '74 Farm Exports Value Trending Down from '73 Record

By WILLIAM J. MILLS
*Former Assistant U.S. Agricultural Attaché*
and GEORGE C. MYLES
*Office of U.S. Agricultural Attaché*
*Ottawa*

CANADA'S 1973 EXPORTS of agricultural commodities, powered by strong world demand, rose to a record value of more than $3 billion, a gain of 40 percent over the 1972 value of $2.1 billion. Wheat, the leader, accounted for a large portion of the increased volume of trade.

But Canadian farm exports in 1974 are not likely to be maintained at the 1973 level, due to reduced export availabilities and lower per unit values. Also, agricultural imports from the United States are at lower levels this year, due to Canadian restrictions on imports of livestock, poultry, eggs, and egg products.

The United States in 1973 was Canada's largest single trading partner, accounting for about $547 million of the total Canadian farm export value, and substantially higher than the 1972 level of $360 million.

Canadian agricultural imports from the United States in 1973 were valued at $1.2 billion of the total $2.2 billion worth of agricultural commodities imported from all countries.

**Grain,** by far Canada's most important agricultural export, was in strong demand in all major world markets in 1973. Production, in spite of higher prices, is not expected to reach the 1973-74 level. Canada had a late, wet spring, which resulted in substantial alterations by farmers in planting intentions.

Total wheat crop in 1973 is estimated at 17.1 million metric tons, compared with 14.5 million tons in 1972. With beginning stocks of 10 millions tons, this gives a substantially lower total supply of wheat in 1973-74 at 27.1 million tons than in 1972-73. Production is estimated to be about 16 million tons in 1974.

During the August-March period of the 1973-74 marketing year, exports—including Durum—totaled 6,826,000 metric tons, compared with 10,266,000 tons in the same period of 1972-73. The lower exports in 1973-74 are attributed to a reduction in total supply of 3.3 million metric tons, a rail strike at the beginning of the crop year, a reported shortage of rail box cars for grain movement and high price levels.

The Canadian Wheat Board's initial price for 1973 crop wheat has been increased to $3.75 per bushel, compared with $1.76 in 1972-73. The final payment is estimated at 72 cents per bushel, bringing the realized price to $4.47 for No. 1 Canadian Western Red Spring wheat, compared with $2.15 for 1972-73.

All external trade in wheat is controlled by the Board. A major portion of the wheat trade moves under bilateral agreements with the official trading agencies of the purchasing nations, such as the People's Republic of China (PRC) and the USSR.

Canada's wheat and flour exports in 1973-74 are now estimated at 11.8 million metric tons, compared with 15.7 million metric tons in 1972-73. The Board is reported to be asking about $4.75 per bushel for export wheat sales —a price considerably above U.S. market prices. High prices are being maintained by the Board partly in the hope that world wheat prices will rise in 1974. The Board customarily does not disclose prices or terms of world sales contracts or bilateral agreements.

Currently, the Board has long-term agreements with the PRC, Poland, Algeria, Brazil, Norway, and Syria. Sales contracts for delivery this year have been concluded with USSR, PRC, Pakistan, Brazil, Cuba, Po'and, Algeria, Mexico, India, Japan, the United Kingdom, and other countries.

**Feedgrains.** Canada's production of feedgrains in the 1973-74 crop year declined to 18.5 million metric tons from 18.8 million tons in 1972-73 exclusive of mixed grains. Expectations of high wheat prices and large wheat delivery quotas in 1973-74 prompted farmers to plan larger wheat plantings while only maintaining feedgrain acreage. However, the late, wet spring appears to have caused some decline from last year's acreage.

Feed freight assistance was paid by the Canadian Livestock Feed Board on 2,808,000 metric tons of feedgrains and millfeeds. Domestic shipments of wheat, oats, barley, and rye increased in 1972-73 over 1971-72, while shipments of screenings, millfeeds, and corn declined.

Production of barley declined in 1973-74 to 10.3 million metric tons from 11.3 million tons in 1972-73. Acreage dropped from about 12.5 million acres in 1972 to about 12.3 million acres in 1973-74. Barley exports in 1972-73 at 3.6 million metric tons were well below the 1971-72 level of 5 million tons. Projections are that barley exports will decline further in 1974-75 to 3.2 million tons.

Domestic barley use will be about 7.1 million metric tons in 1973-74, compared with 7.3 million in 1972-73. Livestock feeders decreased consumption per animal unit due to higher prices. In some cases, corn has been substituted, and in other cases roughage has been increased.

ACREAGE PLANTED in oats in 1973 crop year was slightly higher than in 1972—6.3 million acres, compared with about 6 million acres. Production totaled 5 million metric tons, compared with 4.6 million tons in 1972. Opening oat stocks were down substantially at 1.2 million metric tons, giving a total supply of 6.3 million tons for the 1973-74 marketing year.

Total exports of Canadian oats during the 1972-73 crop year totaled 107,000 metric tons. Exports were limited by the Wheat Board, which fills domestic demand first.

Canadian corn production increased slightly in 1973 to 2.77 million metric tons from about 1.3 million acres. Corn imports are expected to increase 32 percent in 1973-74 to 1.1 million metric tons. Higher prices for Prairie feedgrains and difficulties in moving grain to eastern Canada contributed to the increase.

**Oilseeds.** Total production of Canada's four major oilseeds in the 1973-74 crop year was 2,138,000 metric tons, down slightly from the 1972-73

crop of 2,199,000 tons. The decline in production of rapeseed and sunflowerseed was largely offset by an increase in flaxseed and soybeans. Acreage assigned these four crops is estimated at about 5.20 million in 1973-74, down slightly from the 5.21 million acres planted in 1972-73. The decline in production is the result of lower yields for rapeseed, soybeans, and sunflowerseed.

THE DOMESTIC CRUSH is estimated at 1,038,000 metric tons in 1973-74, a decline of 27,000 tons from last year. The estimated increase in the rapeseed crush should offset the decline in other oilseeds.

Production of rapeseed in 1972-73 is estimated at 1,300,000 metric tons—about 57.3 million bushels and a 40 percent decline from the 2,155,000 tons produced the previous year. A further reduction occurred in 1973-74 to 1,207,000 tons—about 53.2 million bushels. Production in 1974-75 probably will be maintained at about 50 million bushels.

Output of rapeseed oil in 1972-73 is estimated at 134,000 metric tons—28,000 tons above production in 1971-72. A further increase in oil production to 142,000 tons is projected for 1973-74.

Production of rapeseed meal this crop year is estimated to approximate 216,000 metric tons, compared with 204,000 tons in 1972-73.

Rapeseed exports set a new record in 1972-73 at 1,226,000 metric tons—about 54.1 million bushels—compared with the previous record of 1,062,000 exported in 1970-71. Rapeseed exports are not expected to maintain record levels in 1973-74, due to a decline in supply and an increase in domestic use. Exports currently are projected at about 1,021,000 tons—about 45 million bushels—in 1973-74.

Domestic rapeseed crush in 1972-73 at 353,000 metric tons—about 15.6 million bushels—was at a record level. The domestic crush to March 1, 1973, during the 1973-74 crop year, totaled 220,000 tons, compared with 187,000 tons for the same period of 1972-73. Total domestic crush in 1973-74 is estimated at 374,000 tons—about 16.5 million bushels. Past projects will increase this to 400,000 tons in 1974-75.

Total domestic consumption of rapeseed reached 583,000 metric tons in 1972-73. Consumption in 1973-74 is estimated at 542,000 tons, reflecting reduced dockage and seed requirements.

Stocks of rapeseed on August 1, 1973, are estimated at 469,000 metric tons—about 20.7 million bushels—a decline of more than 50 percent from last year's level. A further decline to about 113,000 tons—about 5 million bushels—during the 1973-74 crop year is projected to occur.

Rapeseed acreage in 1974-75 currently is expected to approximate the 1973-74 level of about 3.2 million. The late spring and wet weather in the Canadian prairies altered farmers' planting intentions.

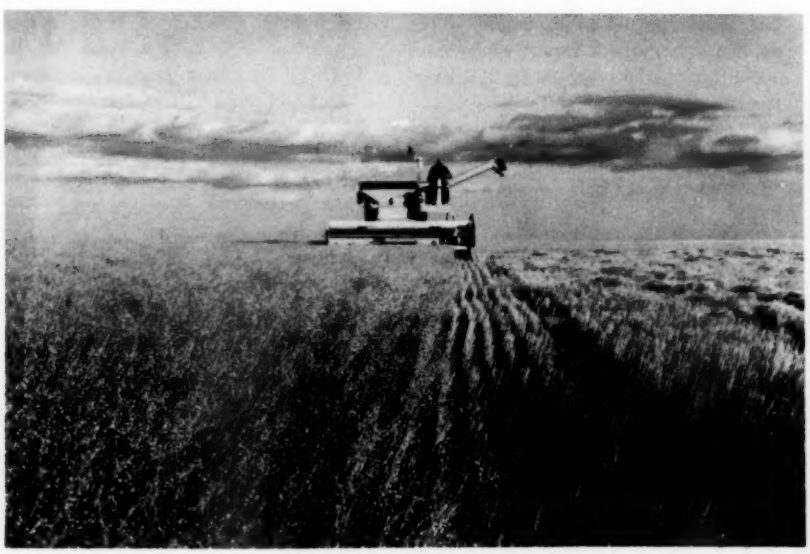
Production of soybeans in 1972-73 at 374,000 metric tons—about 13.8 million bushels—was well above the 280,000 tons produced the previous year. The 1973-74 crop is estimated at 397,000 tons—about 14.6 million bushels. During 1972-73, soybean meal and oil production at 483,000 metric tons and 99,000 tons, respectively, was down slightly from the previous year. The current projection is for a further decline in 1973-74.

Canadian exports of soybean oil during the first 6 months of 1973-74 were down substantially to 1,300 metric tons, compared with 10,500 tons during the same period in 1972-73. Lower shipments to the United Kingdom accounted for the decline.

Imports of soybean oilcake and meal during the first 6 months of the 1973-74 crop year declined to 91,500 metric tons from 124,600 tons in the same period of 1972-73. The U.S. embargo on exports accounted for most of this decline. Similarly, soybean imports declined from 172,600 metric tons to 152,500 tons during the same period. Oil imports increased to 10,800 metric tons from 7,000 tons. Imports of soybeans are expected to continue below 1972-73 levels in 1973-74.

SOYBEAN IMPORTS could decline, due to the replacement of one of Canada's two soybean-crushing facilities in Toronto by a Federal park. This plant is to be relocated.

The domestic soybean crush is pro-



jected to decline in 1973-74, and may total 572,000 metric tons—about 21 million bushels.

Soybean acreage is not expected to increase in 1974-75, as the ratio of corn to soybean prices does not appear to be sufficiently high to prompt producers to divert corn area to soybeans.

Production of flaxseed in the 1973-74 crop year is estimated at 493,000 metric tons—19.4 million bushels—about 45,000 tons or 1.8 million bushels above last year.

Exports of flaxseed declined to 499,000 metric tons—about 19.6 million bushels—in 1972-73, compared with 654,000 tons in 1971-72. A further decline to 406,000 tons (about 16 million bushels) is anticipated in the current crop year. The projection for next year is 330,000 tons.

Flaxseed stocks declined to 407,000 metric tons—about 16 million bushels—on August 1, 1972. At the beginning of the current crop year the stocks on hand August 1, 1973, were reduced more than 50 percent to 195,000 tons —about 7.7 million bushels. A further decline to 127,000 tons by the end of the current crop year is projected. A decrease in acreage of about 5 percent in 1974-75 is anticipated.

Linseed meal production is estimated to have ranged from 42,000 to 50,000 metric tons during the previous 3 years. Production in 1973-74 is estimated at 24,000 tons. Linseed oil production in 1972-73 is estimated at 23,000 metric tons, off 4,000 tons from the previous year. Production is expected to approximate 13,000 tons in 1973-74. Linseed meal and oil production should recover somewhat in 1974-75.

Sunflower acreage is estimated to have declined in 1973-74 from the 217,000 acres planted in 1972-73 to about 129,000. Sunflowerseed meal and oil production is expected to decline slightly in 1973-74. Most sunflowerseed is grown under contract.

**Livestock and meat.** Total farm cash receipts from all livestock and livestock products increased sharply in 1973 to $4 billion from $3 billion in 1972. Gross income is forecast to increase further to about $4.5 billion in 1974.

Many short-term Government policies were used in 1973 in an attempt to reduce price fluctuations in the Canadian meat market.

THE CANADIAN Government in March 1974 announced a beef quality premium, a temporary subsidy program designed to ensure adequate returns to the producer during depressed market prices. The program is scheduled to be phased out when the cattle market returns to "normal."

Following the U.S. court decision to overturn FDA's ban on the use of diethylstilbestrol (DES) in livestock feed, the Canadian Government announced in April that foreign countries shipping livestock and products to Canada must satisfy a certification program indicating that animals and meats have not been treated with DES.

The new Canadian feedgrains policy announced in May 1974 resulted in the immediate reduction of domestic feed wheat and barley prices. This action is designed to improve returns to livestock producers.

Meat imports declined to 337 million pounds in 1973 from 340 million pounds in 1972. Meat imports from the United States increased, while those from Oceania decreased.

Meat exports increased slightly to 214 million pounds in 1973 from 208 million pounds in the previous year.

Total Canadian beef and veal slaughter in 1973 at 1,976,000 pounds is down slightly from the 1972 level of 1,979,000 pounds. Beef production in 1973 was up slightly at 1,911,000 pounds from 1,898,000 pounds in 1972, while veal slaughter declined to 66 million pounds.

Live slaughter cattle imports from the United States totaled 208,539 head and accounted for about 5.4 percent of the total Canadian beef slaughter of 3,894,000 head.

Cow slaughter during 1973 increased slightly, while heifer slaughter was down 11 percent from the same period of 1972. These totals seem to indicate that the Canadian beef herd continued to grow in 1973.

Cattle on farms on January 1 totaled 13.4 million in 1974, as compared with 12.6 million in 1973.

Feeder cattle exports increased sharply in 1973 to 144,313 head, compared with 62,851 head in 1972. While

*Left to right: Flax is harvested near Regina, Saskatchewan. Flaxseed outturns in the 1973-74 crop year probably will be up to about 20 million bushels. Livestock feeding station near Raymond, Alberta. Canada's meat imports from the United States rose in 1973. Cheddar cheese is loaded for export. Cheddar rounds such as these are fast being replaced by squares.*

Canadian prices were quite high in 1973, they were below U.S. prices, and increased exports resulted.

These exports may in part be responsible for the high level of fed cattle imports by Canada. The heaviest export movement of feeder cattle occurred in the first part of 1972, while fed cattle imports were heaviest in the last half of that year.

Total Canadian hog slaughter in 1973 totaled 10,399,000 head, compared with 10,655,000 head in 1972. Federally inspected hog slaughter in the first quarter of 1974 was 5 percent above 1973 levels. Farrowings indicate slaughter will be strong until the fourth quarter. Total 1974 slaughter is estimated to register a 2-3 percent increase.

Canadian pork exports in 1973 were 9 percent higher at 126 million pounds. Japan has replaced the United States as Canada's major pork market.

The Prairie Provinces have been especially active in developing pork export markets in Japan through long-term contracting. Pork imports from the United States increased to an estimated 45 million pounds in 1973. Lower supplies and higher exports made this increase necessary to maintain domestic supplies.

**Poultry.** Canadian poultry and egg production in 1973 provided farmers with sharply higher cash receipts. Producer cash receipts increased by 48 percent to $682 million. Input costs also have increased sharply. Canada is largely self-sufficient in poultry and eggs. The portion of total supply imported or exported generally is small.

With the establishment of a national broiler marketing agency expected in the latter part of 1974, the poultry and egg industry in Canada will be under tight control of three marketing agencies. The Canadian Egg Marketing Agency and the Canadian Turkey Marketing Agency were instituted in 1973 to control the production and marketing of eggs and turkeys in Canada.

Egg production in 1973 is estimated at 470 million dozen, compared with 467 million dozen in 1972. The number of layers on farms on December 1 decreased 2 percent from 26,652,000 in 1972 to 26,121,000 in 1973, while the rate of lay increased by 2.4 percent. Egg placements in hatcheries in 1973, on the other hand, increased 3 percent over 1972. Most of the increase occurred in Ontario and Quebec.

Shell egg exports to the United States increased to 10.7 million dozen in 1973 from 895,000 in 1972. The major portion of these exports are due to provisions of the egg price-support programs. Eggs surplus to the domestic shell egg market were dyed and downgraded to B and sold to U.S. breakers. In May 1974 the Federal Government imposed import restrictions on eggs and turkeys to control a threat from low priced imports to the orderly marketing of Canada's egg and turkey marketing agencies.

Chicken meat production is estimated at 775 million pounds, a 2.4 percent increase over the 1972 level of 757 million pounds. Storage stocks of chicken meat on January 1, 1974, were up 23 percent, compared with the 1973 level of 26,056,000 pounds. It is unlikely that chicken production will increase substantially in 1974. Sharp increases in beef prices could lead to increased poultry meat demand. The short production cycle of broiler chickens means they can respond quickly to changing market conditions.

TURKEY PRODUCTION in 1973 is estimated at 230 million pounds, an 8 percent increase over the 1972 total of 213 million pounds. Total turkey meat stocks on January 1, 1974, were 34,506,000 pounds, compared with 23,545,000 pounds a year earlier. In the period January-May 1974 slaughterings of turkey broilers, heavy hens, and heavy toms were up 25, 16, and 37 percent, respectively, over 1973 levels.

**Dairy products.** Milk production in Canada declined in 1973 as the result of several factors: A poor year for forage in 1972 resulted in low quality and short supplies of forage in 1973; higher beef prices caused many farmers to cull their herds; higher feedgrain and protein prices caused farmers to reduce amounts of grain and concentrates fed; higher prices of breeding stock caused farmers to sell animals that otherwise would have been kept; low returns and long hours prompted some farmers to leave the industry. The decline in production is due to both lower cow numbers and a drop in production per cow.

**Fruits and vegetables.** Apple production in 1973 is estimated at 834,972,000 pounds, 4 percent lower than the 1972 crop of 865,988,000 pounds. Higher production in Nova Scotia and British Columbia helped compensate for lower production in Ontario and Quebec. Exports for the crop year beginning July 1, 1973, are down 12 percent from a year earlier.

Exports to the United States are down sharply. Exports to the United Kingdom increased 62.5 percent to 7.5 million pounds. Changes in the terms of entry for Canadian apples have not harmed this export trade.

The 1974 intended acreage for the five major processing vegetables (beans, carrots, corn, peas, and tomatoes) is 184,140 acres—up 10 percent from a year ago and 24 percent above 1972 levels. Intended acreage of cole crops (asparagus, broccoli, brussel sprouts, cauliflower, and cucumbers) is 14,410 acres—about the same as the 1973 acreage (14,430).

While Canada is a major importer of fresh vegetables during the winter months, some storage vegetables are exported. Major export vegetables are cabbage, carrots, onions, and rutabagas. The Province of Quebec is improving its hydrocooling and jacketed storage facilities to increase exports of storage vegetables to the United States. Farm income should improve, as a result.

**Tobacco.** Flue-cured Virginia-type tobacco accounted for 98 percent of Canada's total 1973 tobacco crop of 265 million pounds. The major portion of this volume is grown in Ontario, which in 1973 produced 233 million pounds of flue-cured tobacco. Production in 1973 was up sharply from the 1972 total of 187 million pounds. Planting quotas were increased, allowing Ontario growers to increase acreage from 86,701 acres in 1972 to 104,632 acres in 1973. Favorable weather prevailed and the crop was of excellent quality.

The Ontario Flue-Cured Tobacco Growers' Marketing Board set the acreage for the 1974 flue-cured crop at 112,053 acres with a guaranteed minimum price to farmers of 83 cents a pound. With the acreage allotment up substantially, the target production for the 1974 crop is 250 million pounds.

**Sugarbeets.** Production of sugarbeets is estimated at 993,925 tons in 1973, compared with last year's revised figure of 1,069,744 tons and a 10-year average of 1,240,000 tons. Refined sugar production from the 1973-74 crop is expected to be about 230.1 million pounds, or about 78 percent of the 294.8 million pounds produced a year earlier.

## Dimmer Crop Outlook To Keep Pressure on World Grain Supplies

As of mid-July, prospects for the 1974 world grain crops were somewhat less favorable than a month earlier. The June 14 production estimate was 1,000.5 million metric tons, but as of mid-July, total outturn was estimated at only 983.8 million tons.

The less favorable outlook has reduced the likelihood of an early recovery of worldwide grain stock levels. Pressures upon available and prospective world grain supplies have once again tended to strengthen.

The most important changes in crop prospects occurred in the United States and the USSR. The latest U.S. crop estimate is approximately 22 million tons below mid-June, whereas the USSR estimate has been revised upward by about 11 million tons. In all other countries, which account for about 55 percent of world grain production, the estimated total outturn as of mid-July was off about 1 percent from the estimate of a month earlier.

Little information is yet available on the 1974 outturn for the People's Republic of China. For this reason, the 1974 grain crop estimate is placed at approximately the same level as 1973—28 million tons.

Based on the mid-July estimate, the 1974 world crop will be above the 1973 crop by 18.6 million tons or 1.9 percent. Of the total increase, the United States accounts for about 15 million tons. The USSR outturn for 1974 is presently forecast at about 3 percent below the record of 1973, while output in major competitor countries is down about 2 percent from 1973.

Estimates of world grain trade volumes, both for 1973-74 and for 1974-75, are little changed from those of mid-June. Total import demand for 1974-75 is estimated somewhat lower, mainly reflecting an expected impact of the somewhat higher-than-expected level of world prices emerging for 1974-75.

These reductions in total trade are of primary significance to the United States, where anticipated export levels have been revised downward for both wheat and feedgrains for 1974-75. The U.S. wheat export estimate has been reduced from 1,050 million bushels to 1,000 million, and anticipated 1974-75 U.S. corn exports reduced from 1,200 million bushels to 1,150 million.

## World Weather

Rains, persistent and excessive, delayed maturity, disrupted harvesting and lowered quality of crops in much of Eastern Europe and parts of European USSR. It has been relatively dry east of the Urals. By mid-July summer rains have only partially relieved the prolonged drought that has reduced crop prospects in the People's Republic of China (PRC). India's southwest monsoon rains picked up in July—a month late and late enough to cause concern about yields. Showers took the edge off drought, but could not correct spotty stands in the U.S. Southwest, northern Mexico, and much of England. Mostly hot weather for several weeks has taken some of the lag out of crops in U.S. corn, cotton, and spring wheat belts. Growing conditions in Canada were generally good.

**Grains.** Abundant rain since May in Eastern Europe has relieved the dry spell that had persisted from late fall and enhanced grain development. The same pattern has affected parts of the Ukraine and Byelorussia. Generous fall rains that impeded planting in the PRC sustained crops through winter and spring drought—severe in places—and only considerable increases in acreage and irrigation facilities tempered losses.

A sluggish southwest monsoon perked up in India in early July running about a month late. Only two of India's major grain producing States —Punjab and Rajasthan—had normal or better June rainfall. After disappointing winter grain production, lagging rainfall may delay planting, lowering yields of summer grains that make up about two-thirds of India's cereal grain production. Late planting increases the need for plentiful late-summer and early-fall rains, a time when rainfall usually falls off sharply.

Hot weather and less frequent rainfall have facilitated harvesting of winter grains in the United States. Drier weather has also aided planting in Australia. Rains set back winter planting in Chile and Brazil.

**Fiber.** New-crop cotton continues to make good progress throughout much of the world. Excellent July weather made up some of the delayed growth and development in Greece and permitted catchup weeding in the Mississippi Delta. Even a little rain fell on the parched Texas High Plains. India and China are very "iffy" having experienced 8 months of below-normal rainfall in much of each country. Rain at harvest reduced Brazil's cotton crop by about 15 percent.

**Oilseeds.** The U.S. soybean crop is mostly planted and developing well under improved growing weather. In the PRC exceptionally dry weather through the winter and spring in many provinces would be expected to cause planting delays and erratic germination. Rainfall appears to have picked up in July. Drought impact will be reduced by a substantial increase in irrigated acreage, The same applies to peanuts in China. India does not have extensive irrigation to fall back on and conditions were very dry in most peanut areas through June.

Soil moisture appears adequate for sunflowers in the USSR.

**Horticulture.** Excessive rain damaged fruits and vegetables in much of Eastern Europe; drought took toll of these crops in Sweden, Denmark, India, and the PRC. Growing conditions in North America have been generally good.

**Pastures and livestock.** Cooler and drier weather than usual has put dairy production off in the British Isles, although England benefited from near normal rain in June. New Zealand and Australian forage crops continued to recover from drought, and showers brought some relief to ranges in the U.S. Southwest and northern Mexico. Too much rain and some flooding disrupted haying and impeded use of pastures in Eastern Europe, but built up depleted soil moisture. Chile profited by rains in its central and dry northern sectors, at some expense to row crops. With spotty exceptions, sub-Saharan rainfall remained below normal, but picked up in mid-July.

# CROPS AND MARKETS

## GRAINS, FEEDS, PULSES, AND SEEDS

### Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

| Item | July 23 | Change from previous week | A year ago |
|---|---|---|---|
| | *Dol. per bu.* | *Cents per bu.* | *Dol. per bu.* |
| Wheat: | | | |
| Canadian No. 1 CWRS-13.5 | 5.72 | −18 | (1) |
| USSR SKS-14 | (1) | (1) | (1) |
| Australian FAQ[2] | (1) | (1) | (1) |
| U.S. No. 2 Dark Northern Spring: | | | |
| 14 percent | 5.74 | + 2 | 4.17 |
| 15 percent | (1) | (1) | 4.25 |
| U.S. No. 2 Hard Winter: | | | |
| 13.5 percent | 5.23 | + 9 | 4.14 |
| No. 3 Hard Amber Durum | 7.70 | −11 | 4.98 |
| Argentine | (1) | (1) | (1) |
| U.S. No. 2 Soft Red Winter | (1) | (1) | 4.03 |
| Feedgrains: | | | |
| U.S. No. 3 Yellow corn | 3.59 | +14 | 3.44 |
| Argentine Plate corn | 3.81 | + 4 | 3.95 |
| U.S. No. 2 sorghum | 3.26 | +15 | 3.23 |
| Argentine-Granifero sorghum | 3.29 | +15 | 3.26 |
| U.S. No. 3 Feed barley | (1) | (1) | 2.85 |
| Soybeans: | | | |
| U.S. No. 2 Yellow | 7.94 | +1.19 | 9.33 |
| EC import levies: | | | |
| Wheat[3] | [4] 0 | 0 | .84 |
| Corn[5] | [4] 0 | 0 | .41 |
| Sorghum[5] | [4] .16 | − 8 | .57 |

[1] Not quoted. [2] Basis c.i.f. Tilbury, England. [3] Durum has a separate levy. [4] Levies applying in original six EC member countries. Levies in UK, Denmark and Ireland are adjusted according to transitional arrangements. [5] Italian levies are 19 cents a bushel lower than those of other EC countries. Note: Price basis 30- to 60-day delivery.

### West Germany To Export Wheat, Barley

The Federal Republic of Germany's import and storage agency announced on July 12 that it is ready to accept bids for the export of 443,000 tons of barley and 400,000 tons of wheat, beginning August 1974 through July 1975 or until completed.

### Norway Interested in U.S. Grains

The Norwegian Grain Corporation has shown interest in developing a contract with the United States to cover the balance of its import requirements for wheat, corn, and sorghum, plus some rye. This would amount to about 300,000 tons of grain annually.

Norway's purchases of wheat for 1974-75 to date include 100,000 metric tons from Sweden with an option to buy another 50,000 tons; and 60,000 tons from Canada—the minimum annual commitment under a 3-year agreement with that country. However, Norway has indicated it intends to buy more than this amount of Canadian wheat. Norway's wheat purchases from Finland, under an agreement providing for 30,000-50,000 tons, appear doubtful at this time.

If Norway purchases 150,000 tons from Sweden and the maximum 120,000 tons specified in the Canadian agreement, its 1974-75 requirement of 300,000 tons of milling wheat would be largely covered. It is possible that Canadian and Swedish agreements may not be fully utilized.

### New Zealand Buys U.S. Wheat

New Zealand has purchased 130,000 tons of U.S. Hard Red Winter wheat. According to New Zealand officials, this is the "first U.S. wheat to enter New Zealand in memory." Shipment will be in August, but price details are not available.

Australia apparently has not been able to handle all of New Zealand's milling requirements at this time, and U.S. wheat reportedly is more competitive than Canada's.

### Spain Reduces Grain Estimates

Recent trade reports from Spain indicate that weather damage in three of its leading grain producing provinces have reduced their respective 1974 wheat and barley production estimates as much as 30 percent. For this reason, the wheat crop is expected to be closer to the February estimate of 4,450,000 metric tons, against the 4,750,000-ton May estimate. The barley crop has also been revised downward, to about 5,550,000 metric tons, compared with the more recent 5,750,000-ton estimate.

### Thailand Reduces Rice Export Premium

Thailand has reduced its rice export premium by $30 per metric ton in an effort to boost exports. The action comes as Thailand completes the harvest of its 800,000-ton (paddy) second crop. Rice prices are continuing to fall in international markets, reflecting some easing of supplies. Thailand's export quotations have dropped by more than $100 per ton from their peak of 3 months ago.

### Philippines Buys PRC Rice

The National Grains Authority of the Philippines has announced a 50,000-ton rice purchase from the People's Republic of China at $470 per ton. The purchase was made directly from PRC representatives in Hong Kong. Delivery will commence in late July and end in early September.

This is the first rice contract signed by the Philippines in 1974. The 1973 rice harvest in the Philippines was at a record level, but followed two consecutive short crops. Another record crop is forecast for 1974 and will begin in October.

## FATS, OILS, AND OILSEEDS

### Brazil Registers More Soybeans And Products for Export

The Brazilian Government announced on July 11 the registration of an additional 300,000 metric tons of soybeans for export, and has indicated that no further registrations will be permitted. This addition brings total 1974 crop soybean export registrations to 2.5 million tons.

Soybean meal export sales registered with the Bank of Brazil are estimated at 1 million tons as of July 9. Actual 1974 crop soybean meal shipments, which began in May, are estimated unofficially at 540,000-580,000 metric tons. Meal shipments are expected to average about 225,000 tons per month during July-September, resulting in total shipments by October 1 of 1.21-1.25 million tons.

Trade reports continue in Brazil that soybean oil exports soon will be permitted. However, it is now unlikely that oil shipments will take place before August 1.

### Canada's Rapeseed, Flaxseed Acreages Up

Canada's first estimate of acreages planted to oilseed crops in 1974 in the Prairie Provinces indicated some increase in area for both rapeseed and flaxseed.

The rapeseed area, at 3.2 million acres, is about 2 percent larger than the 3.15 million planted in 1973, and 21 percent above April planting intentions. Using an average yield of 17.4 bushels per acre, rapeseed production in 1974 could reach 55.7 million, compared with 53.2 million in 1973.

Flaxseed acreage, at 1.5 million acres, increased 3 percent from the 1.45 million planted in 1973 but declined 7 percent from the April intentions to plant. If yield per acre is maintained at about 13.4 bushels, flaxseed production in 1974 could reach 20 million, compared with 19.4 million in 1973.

## DAIRY AND POULTRY

### Oversupply of Milk Reported in Switzerland

The Swiss central office for butter supply has temporarily suspended the importation of butter beginning June 1, 1974.

This action is in response to an increased supply of milk in Switzerland. Larger milk deliveries to dairy plants—up 7 percent from those of a year ago—and high butter stocks are forcing the Swiss Government to make some adjustments.

Another action being pressed in Parliament is the imposition of a surcharge on imported cheese to stem the flow of increased cheese imports, up more than 7 percent.

### Australia To Sell Dry Milk to Mexico

An Australian cooperative is reportedly negotiating a $13-$15 million contract for the sale of nonfat dry milk with the Mexican Government purchasing agency. The 1974-75 agreement is expected to total 15,000 long tons with the cooperative supplying 10,000 tons, and the remaining 5,000 tons being provided by the Australian Dairy Produce Board. Under this contract the cooperative is guaranteed a minimum of 70 percent of future purchases from Mexico. The powder will be used for recombining with butter oil to supplement whole milk supplies.

According to Australian dairy cooperatives and the Dairy Produce Board, Central and Latin American nations are believed to have great potential for the development of profitable long-term dairy exports.

## COTTON

### Soviet Cotton Farmers Pledge Record Cotton Crop

Cotton farmers in the USSR have pledged to surpass last year's record crop and produce 7.8 million tons of seed cotton this year, according to a recent article in *Pravda*. In 1973-74, Soviet farmers pledged 7.5 million tons. However, actual production reached a record 7.66 million tons.

At the same time, a newspaper in the major cotton-producing region of the USSR, the Uzbekistan Republic, reports a significant lowering of water levels in the Republic's main water sources, requiring supplementary irrigation schemes. Among these are new canals to connect low-water with higher water systems, and pumping of water from deep river beds and wells.

Despite water supply problems—which have occurred frequently in the past—the upward trend in Soviet cotton production of the past several years will probably continue this year. Thus, it is possible the 1974-75 goal of 7.8 million tons of cotton can be reached. Latest reports indicate the crop is progressing well amid good weather conditions.

The 7.8-million-ton volume of seed cotton is equivalent to about 12 million bales of lint cotton (480 lb. net).

## FRUIT, NUTS, AND VEGETABLES

### Canada's Fruit, Vegetable Program Funds Storage Unit Construction

Two additional grants made under the Canadian Fruit and Vegetable Storage Construction Assistance Program will aid in the construction of two new apple storage facilities. Grants in the Province of Ontario have now been made available under the Federal Government's program.

The first Ontario grant was made recently to a producer group to go towards construction costs of a storage facility for a variety of fruits and vegetables. Completed by October, this facility will be used mainly for apples.

The Federal Government's program is aimed at expanding production, improving handling procedures, and ensuring high-quality produce to the Canadian consumer. Under the program, agricultural producer associations, cooperatives, or boards engaged in the production, storage, and marketing of fruit and vegetables for the fresh market or processing are eligible for assistance. The plan would cover one-third of the total cost of construction of a new storage facility for perishable fruits and vegetables up to a maximum of $500,000.

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## European Cotton Outlook

*Continued from page 6*

ahead for 6 months but were concerned about the lack of new orders—a concern aggravated by local labor laws requiring the firms to use their employees continuously.

Added to the current problems is cotton's steady loss of ground to manmades, which dropped cotton's share of woven cloth production to about 59 percent in the first half of 1973 from 62 percent in 1972 and 71 percent in 1968. Its share of the yarn market has held up better, but was still off to 76 percent of the market in the first half of 1973 from 77 percent in 1972 and 83 percent in 1968.

Despite cotton's waning use, Dutch cotton imports rose 6 percent in 1972-73 to 231,000 bales as importers attempted to build stocks as a hedge against uncertainties caused by last season's tight supplies and high prices. Benefiting especially from the increase was the United States, which boosted 1972-73 shipments there some 56 percent to 48,600 bales and its market share to 23 percent from 15 percent the year before. As a result, the United States last season was the Netherlands top supplier of raw cotton, replacing Brazil, whose position was eroded by its embargo on cotton exports in the fall of 1973.

Through May of 1973-74, however, this strong U.S. showing had not been duplicated, with shipments off to 16,000 bales from 43,000 in August-April of 1972-73.

## Transport Crunch Lessens

*Continued from page 4*

critical shortage of general cargo ships for moving cotton and other bulk cargo.

With the extraordinary circumstances now hopefully past, flow of commodities to world markets again depends largely on exportable supply, which for fiscal 1975 looks as if it will be unusually large but not unmanageable.

For grains and oilseeds—the three big agricultural exports—bumper crops are expected, but stocks are so depleted that not as much can be moved out as in fiscal 1974. USDA crop estimates, for instance, indicate that 1974 grain production, including soybeans, will climb 10.6 percent over last year's to 335.1 million short tons. However, since grain stocks are off sharply from last year, total grain supply will be up less than 4 percent.

Estimates of overseas shipments of these products currently indicate a decrease for grains from the record volumes of the past 2 years, but a sizable increase again for soybeans. Wheat and flour exports are pegged at 26.9 million metric tons for fiscal 1975 compared with 31 million the previous year, feedgrain shipments are seen falling to 35.4 million from 42.7 million tons and shipments of soybeans are forecast at 15.9 million tons compared with 14.3 million in fiscal 1974.

As movement of these crops to market increases, spot rail car shortages can be expected, particularly in the fall after the big soybean and corn harvests. But so far there are no indications of a repetition of the 1973 crunch.

## German Soybean Imports

*Continued from page 7*

with 1.7-1 a year earlier, and 3.8-1 in July 1973. Any further reduction in this ratio could benefit soybean consumption.

There are several other pro and con factors that could affect the use of protein feeds in the future. Although a 7.8 percent increase in the number of hogs was noted in West Germany's latest livestock census (December 1973), this may be offset by a worsening in the hog-feed price ratio. Increasing amounts of corn byproducts are being used, and cattle were probably taken off mixed feed earlier in the year and turned out to pasture. But at the same time, chicken flocks are being built up and pork production is growing steadily.

The drop in soybean meal consumption during the October-February period will probably be compensated somewhat during the second half of the 1973-74 marketing year and consumption is expected to equal the 2.3 million tons used in 1972-73. And because of favorable crushing profit margins, soybean imports should be high during the rest of the season.

For all of the 1973-74 marketing year, soybean imports are expected to rise from the 2.7-million-ton level in 1972-73 to 3.1 million in 1973-74, while meal imports may drop from 1.4 million tons to 1.1 million.



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